

Edward E. Whitacre, Jr.
Chairman and
Chief Executive Officer

SBC Communications Inc.
175 E. Houston Street
Suite 1300
Dallas, Texas 75201
Phone 214 361-5401

ILLINOIS COMMERCE
COMMISSION



MAR 16 11 02 AM '01

EXECUTIVE
DIRECTORS OFFICE

March 14, 2001

The Honorable J. Dennis Hastert
Speaker
U.S. House of Representatives
Washington, D.C. 20515

Dear Speaker Hastert:

Because of your interest in high-speed Internet services and market-based competition, I am writing you about recent actions by the Illinois Commerce Commission that seriously threaten those interests. In October 1999, SBC Communications launched a three-year, six billion-dollar initiative to make high-speed Internet service available to 77 million Americans. Unlike many other companies, SBC committed to making high-speed Internet access available to residential, not just business, customers. By deploying fiber deep into neighborhoods, our investment would enable millions of Americans to overcome the distance limitation of digital subscriber line (DSL) service - providing consumers and small businesses an affordable access ramp to the Information Superhighway.

Unfortunately, recent decisions by regulators in Illinois will prevent over a million consumers in that state from enjoying access to our high-speed Internet service. The Illinois Commerce Commission's decision orders that we unbundle the numerous new facilities we are deploying and provide some of our competitors access to each portion of the service. That decision, which will cost hundreds of millions of dollars to implement, has made it economically impossible for SBC to recover the cost of deploying and operating the new DSL service in Illinois. Consequently, we have been forced to halt indefinitely further deployment and activation of new DSL facilities in Illinois that would have made high-speed Internet service available to over a million Illinois consumers beyond the 12,000 foot range of traditional DSL. Those consumers cannot now, and may never, have access to DSL service.

The decision to impose regulations designed for voice service on only one player in a competitive, emerging market for high-speed Internet service reinforces the need for swift Congressional action to establish a national broadband policy. Each day, the market for high-speed Internet service grows more distorted. Cable companies continue to dominate the market for high speed Internet access, with more than 70 percent market share, yet regulators continue to impose regulations on DSL service offered by telephone companies.

An open, competitive market would bring high-speed Internet service to millions of American consumers and would make the Internet faster, better and cheaper for all. But as long as policymakers apply burdensome rules and regulations to only one provider, consumers will suffer. It would be troubling enough if policymakers applied these rules to all providers in this emerging market, but applying them to only one provider threatens competition, investment and innovation.

State and federal regulators have declared the local voice market in three of our states open to all competitors, and we will continue to proceed through the Section 271 process in our remaining states. While the old battles over regulation of voice phone service rage on, however, Congress must ensure that rules intended to promote competition in one market do not stifle it in another.

I strongly urge you to pass legislation this year to remove the legacy regulations of the voice market from the competitive market for high-speed Internet service. Without Congressional action, consumers in Illinois and the rest of the nation may never enjoy the benefits of a broadband world.

Sincerely,



CC: The Honorable John McCain
The Honorable Ernest Hollings
The Honorable W.J. Tauzin
The Honorable John D. Dingell